

## Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 CIEP-02 LAB-06

SIL-01 OMB-01 RSR-01 /080 W  
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R 271545 Z JUN 73

FM AMEMBASSY SAN JOSE  
TO SECSTATE WASHDC 4391

C O N F I D E N T I A L SAN JOSE 2299

E. O. 11652: GDS

TAGS: EAGR, EIND, SOCI, ELAB

SUBJECT: MILK PRODUCERS CALL BOYCOTT AND UNIONS  
THREATEN REPRISALS

BEGIN SUMMARY: COSTA RICAN MILK PRODUCERS HAVE DECIDED TO  
WITHHOLD MILK SUPPLIES ON CERTAIN BUT UNSPECIFIED DAYS OF THE WEEK  
TO FORCE THE GOVERNMENT TO FREE THE PRICE SOLD TO CONSUMERS.  
LABOR ORGANIZATIONS ARE DISCUSSING RETALIATORY ACTION IN REPRISAL  
AGAINST ANY PRODUCER BOYCOTT, AND THE GOVERNMENT CONTINUES TO  
HOLD FIRMLY TO ITS POSITION THAT THE MILK PRICE CEILING WILL  
REMAIN IN EFFECT. END SUMMARY.

1. THE COSTA RICAN MILK PRODUCER ASSOCIATION BOARD  
(JUNTA DIRECTIVA) MET LAST NIGHT TO IMPLEMENT THE ASSOC-  
IATION'S PLAN TO WITHHOLD MILK DELIVERIES FROM ITS COOPERATIVE  
AND THUS FROM THE COSTA RICAN CONSUMER. THE BOARD NOMINATED A  
"SECRET COMMITTEE" REPORTEDLY WITH AUTHORITY TO SELECT THE  
DAYS OF THE WEEK WHEN DELIVERIES WOULD BE WITHHELD. IN THE  
PRODUCER'S ASSOCIATION FULL MEETING (SOME 450 PRODUCERS) LAST  
WEEK (JUNE 21) IT WAS DECIDED IN PRINCIPLE TO WITHHOLD MILK  
DELIVERIES THREE DAYS A WEEK BEGINNING AT A DATE TO BE DETER-  
MINED BY THE BOARD IN ORDER TO FORCE THE GOVERNMENT TO REMOVE  
THE CEILING ON BOTTLED MILK PRICES TO CONSUMERS AND ALLOW THE  
PRICE TO FLOAT TO A FREE MARKET LEVEL. IN ADDITION, THE BOARD  
DESIGNATED COMMITTEES WHICH WOULD HANDLE PUBLICITY AND CON-  
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TACTS WITH THE GOVERNMENT.

2. IN THE FACE OF THE PRODUCER'S BOYCOTT THREAT THE SINDICAL  
UNITY COMMISSION ( COMITE UNITARIO SINDICAL) ANNOUNCED ON JUNE 24  
THAT IT HAD CALLED A RALLY OF ITS AFFILIATED UNIONS FOR JUNE  
26, IN SAN JOSE'S CENTRAL PARK. ALL IMPORTANT COSTA RICAN  
UNION ORGANIZATIONS ARE SAID TO BE BEHIND THE UNION COMMITTEE'S  
ACTIONS; ALTHOUGH THE LARGEST, THE CCTD, HAS IN THE PAST BEEN  
LUKEWARM TO ANY GENERAL STRIKE OVER THIS ISSUE. THE UNION  
COMMITTEE SAYS IT WILL CALL THE WORKERS OFF THE JOB ON AN EYE-  
FOR- AN- EYE" BASIS; TWO DAYS OF WITHHELD MILK DELIVERIES WILL  
MEAN TWO DAYS OF A GENERAL STRIKE.

3. PRESIDENT FIGUERES REITERATED OVER THE WEEKEND, IN THE WAKE  
OF THE PRODUCERS' JUNE 21 DEMAND, HIS OPPOSITION TO REMOVAL OF  
THE PRICE CEILING. FIGUERES HAD PREVIOUSLY TAKEN THIS POSITION  
WHEN ORGANIZED LABOR AND MANY ADMINISTRATION ( PLN) POLITICIANS  
POINTED OUT THE POLITICAL DANGERS IMPLICIT IN HIGHER MILK  
PRICES. THE GOVERNMENT PLANNED TO EXPLOIT ECONOMIC AND POL-  
ITICAL PRESSURES FROM BOTH LABOR AND PRODUCERS IN ORDER TO MOVE  
ALONG ITS FAMILY ASSISTANCE PLAN ( ASSIGNACIONES FAMILIARES)  
THAT WILL ESTABLISH A GUARANTEED MINIMUM INCOME SUBSIDY TO LOW  
INCOME FAMILIES WITH CHILDREN AND THUS ENABLE THESE CONSUMERS  
TO AFFORD HIGHER MILK PRICES. THE FAMILY ASSISTANCE PLAN, WHICH  
RAN INTO STRONG BUSINESS OBJECTIONS, HAS STILL NOT BEEN FOR-  
MALLY INTRODUCED INTO THE LEGISLATIVE ASSEMBLY. WHEN IT IS PRE-  
SENTED IT WILL CERTAINLY ENCOUNTER COMMITTEE REVISIONS AND  
HEATED FLOOR DEBATE,  
PLUS FURTHER DELAY ENTAILED IN SETTING UP IMPLEMENTING MACH-  
INERY ONCE IT BECOMES LAW.

4. THE ADMINISTRATION IS THUS PLACED SQUARELY ON THE HORNS OF  
THE DILEMMA OF WHICH SIDE CAN BE SATISFIED WITH THE LEAST POL-  
ITICAL DAMAGE. THE WEIGHT OF UNION COMMITTEE'S STRIKE THREAT  
DEPENDS HEAVILY ON THE CCTD'S WILLINGNESS TO LINE UP WITH THE  
OTHER UNIONS. GIVEN THE EMOTIONAL AND CLEAR INTENT OF THE PRO-  
DUCERS AND POPULAR SENSITIVITY TO ANY DISTORTION IN THE MILK  
SUPPLY ( MILK IS REGARDED HERE AS AN IMPORTANT STAPLE AKIN  
TO MEAT IN THE UNITED STATES) THE COUNTRY MAY WELL BE FACED  
WITH SOME MILKLESS DAYS AND POSSIBLY SOME RETALIATORY UNION  
RESPONSE. TOGETHER THESE MAY HAVE FORCE THE GOVERNMENT TO  
CHANGE

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ITS FAMILY ASSISTANCE PLAN STRATEGY AND TAKE SOME DIRECT ACTION.  
VAKY

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NNNNMAFVVZCZ

\*\*\* Current Handling Restrictions \*\*\* n/a

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